

1 Pamela M. Egan, WSBA No. 54736 (*pro hac vice*)
2 POTOMAC LAW GROUP PLLC
3 1905 7th Ave. W
4 Seattle, WA 98119
5 Telephone: (415) 297-0132
6 Email: pegan@potomacclaw.com
7 *Attorneys for Mark D. Waldron, Chapter 11 Trustee*

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**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON**

In re:

GIGA WATT, Inc., a Washington
corporation,

Debtor.

Case No. 18-03197 FPC 11

The Honorable Frederick P. Corbit

Chapter 11

**NOTICE OF CHAPTER 11 TRUSTEE'S
MOTION FOR ORDER APPROVING:
(I) SALE OF TNT FACILITY AND
TRAILER EQUIPMENT FREE AND
CLEAR OF ALL LIENS, CLAIMS AND
INTERESTS, SUBJECT TO
OVERBIDDING, APPROVING
NOTICE THEREOF, (II)
ASSUMPTION AND ASSIGNMENT OF
LEASES AND POWER CONTRACT;
AND (III) SHORTENED TIME
THEREON**

Telephonic Hearing

Date: May 13, 2020

Time: 1:30 p.m. PT

Telephone: 877-402-9753

Access Code: 3001392

PLEASE TAKE NOTICE THAT Mark D. Waldron, in his official
capacity as the Chapter 11 Trustee (the “**Trustee**”) has filed the *Chapter 11*

Notice of Chapter 11 Trustee’s Motion for Order Approving: Sale of TNT
Facility, etc. - Page 1

1 *Trustee's Motion for Order Approving: (i) Sale of TNT Facility and Trailer*
2 *Equipment Free and Clear of All Liens, Claims, and Interests, Subject to*
3 *Overbidding, Approving Notice Thereof, (ii) Assumption and Assignment of*
4 *Leases and Power Contract and (ii) Shortened Time Thereon (the "Motion").* The
5 Motion and supporting papers may be obtained from the Court's clerk. A
6 **telephonic hearing (the "Telephonic Hearing") will be held on the Motion on**
7 **May 13, 2020 at 1:30: p.m., Pacific Time. The call in information is set forth**
8 **in the caption of this Notice.**

9 **If you wish to object to the Motion, you must file an Objection with the**
10 **Court and serve it upon undersigned counsel on or before May 8, 2020.** The
11 Telephonic Hearing will be held even if no objection is timely filed and served, so
12 that parties in interest may have an opportunity to bid. However, untimely
13 objections may not be considered without the Court's permission.

14 **PROPOSED SALE OF TNT FACILITY SUBJECT TO OVERBIDDING**

15 **PLEASE TAKE NOTICE THAT** the essential terms of the sale (the
16 **"Sale"**) proposed in the Motion are: the Trustee is selling the Debtor's mining
17 facility located in East Wenatchee, Washington (**"TNT Facility"**), equipment at
18 the TNT Facility (the **"TNT Equipment"**) and certain equipment located in
19 trailers (**"Trailers"**) that the estate rents (**"Trailer Equipment"**) to EcoChain, Inc.
20 (**"Buyer"**). Pursuant to the Sale, the Trustee is also assuming and assigning to
21 Buyer the leases and power contract relating to the TNT Facility and is assigning
22 the oral lease for the Trailers. Other essential terms include: Purchase Price-
23 \$200,000; Refundable Earnest Money Deposit -\$20,000. The estimated fair
24 Notice of Chapter 11 Trustee's Motion for Order Approving: Sale of TNT
25 Facility, etc. - Page 2

1 market value of the purchased assets is not less than \$200,000. The Buyer is
2 relying on its own inventory of the TNT Equipment and Trailer Equipment. In
3 addition, after the Sale closes, the estate will receive the \$98,925 deposit held
4 pursuant to a power contract.

5 **PLEASE TAKE FURTHER NOTICE THAT** the TNT Equipment and
6 Trailer Equipment are to be sold free and clear of all liens, claims, and interests
7 pursuant to section 363(f) of the Bankruptcy Code. Certain holders of tokens and
8 miners may assert an interest in some of the TNT Equipment. The Sale is
9 nonetheless authorized pursuant to 11 U.S.C. §§ 363(f)(4) and (5). The Sale is
10 appropriate because it bring \$298,925 into the estate representing the \$200,000
11 purchase price and the return of a deposit in the amount of \$98,925 with respect to
12 the estate's power contract. In addition, bitcoin rewards are halving in mid-May
13 requiring an investment in new miners, which the estate cannot afford. Further,
14 the estate's liability insurance will expire on May 22, 2020 and the Trustee has
15 received a Notice of Non-Renewal.

16 **PLEASE TAKE FURTHER NOTICE THAT** the Sale is subject to
17 overbids. A party may bid at the hearing. The first overbid must be in an amount
18 that is at least \$50,000 higher than the Purchase Price. Subsequent overbids must
19 be in increments of not less than \$5,000. A bidder must establish the bidder's
20 financial ability to meet all the terms of the Agreement. The Trustee shall
21 determine a bidder's qualification, in his business judgment, subject to Court
22 review. Buyer shall be paid a Break-Up Fee of the greater of \$40,000 or ten
23 percent (10%) of the final purchase price if a party other than Buyer wins the

24 Notice of Chapter 11 Trustee's Motion for Order Approving: Sale of TNT
25 Facility, etc. - Page 3

1 bidding. Bidders must be qualified to Bid on or before two days before the
2 Hearing.

3 **ASSUMPTION AND ASSIGNMENT OF LEASES AND POWER**
4 **CONTRACT**

5 **PLEASE TAKE FURTHER NOTICE THAT** the Trustee has moved to
6 assume and assign to Buyer (i) the TNT Leases pursuant to which the estate pays
7 \$11,900 per month to operate in Buildings A, B, C and H at the TNT Facility and
8 (ii) the Interconnection and Service Agreement, dated May 14, 2018, between the
9 Public Utility District No. 1 of Washington County, Washington (the “**District**”)
10 and the Debtor, pursuant to which the District provides up to 3.3MW of hydro-
11 electric power to the TNT Facility, at the District’s current rates. The Trustee has
12 also moved to assign the oral lease (the “**Trailer Oral Lease**”) between the estate
13 and William Burvee of Cascade Equipment Sales, Inc pursuant to which the
14 Trustee leases the Trailers and pays the monthly amount of \$250 each or \$1,000 in
15 the aggregate in rent. The Trustee intends to assume the TNT Leases and the
16 Power Contract. The Trustee further intends to assign to Buyer the TNT Leases,
17 the Power Contract and the Trailer Oral Lease pursuant to the terms of the
18 Agreement.

19 **SHORTENED TIME**

20 **PLEASE TAKE FURTHER NOTICE THAT** the Trustee has moved (the
21 “**Motion**”) the Court pursuant to 11 U.S.C. § 105, Rule 9006 of the Federal Rules
22 of Bankruptcy Procedure and Rule 2002-1 of the Local Bankruptcy Rules of the
23 above-captioned Court to hear the Motion on shortened time such that the Motion
24 Notice of Chapter 11 Trustee’s Motion for Order Approving: Sale of TNT
25 Facility, etc. - Page 4

1 will be heard on eleven (11) days' notice, without three (3) additional days for
2 mailing. Objections to the Motion must be served and filed by May 8, 2020. Any
3 reply will be served and filed by May 11, 2020. Shortened time on the Motion is
4 necessary. Bitcoin rewards will halve on May 12, 2020. After the halving, mining
5 will become more difficult without new more advanced miners, which the estate
6 cannot afford to purchase. Further, the estate's insurance, required under the TNT
7 Leases, is set to expire by May 22, 2020 and the Trustee may not be able to renew
8 the insurance. Electricity rates at the TNT Facility are set to increase by ten (10%)
9 in July 2020. Given volatility in the crypto-currency markets caused by the
10 Corona Virus Pandemic, the TNT Facility lost money in April 2020 and may
11 continue to lose money. Without shortened notice, the Trustee would likely have
12 to shut down the TNT Facility.

13 **PLEASE TAKE FURTHER NOTICE THAT** you may object to this
14 request for shortened time. Objections to shortened time will be considered at the
15 Hearing. If you do not object, the requested relief may be granted without a
16 hearing.

17 Dated: May 1, 2020

POTOMAC LAW GROUP PLLC

18 By: /s/ Pamela M. Egan
19 Pamela M. Egan (WSBA No. 54736)

20 *Attorneys for Mark D. Waldron, Chapter 11*
21 *Trustee*